



Senate Fiscal Agency  
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## BILL ANALYSIS



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Senate Bills 579 through 581 (Substitute S-1 as reported)  
Sponsor: Senator Sam Singh (S.B. 579 & 581)  
Senator Mary Cavanagh (S.B. 580)  
Committee: Economic and Community Development

**CONTENT**

Senate Bill 579 (S-1) would amend the Michigan Strategic Fund Act to do the following:

- Rename the Good Jobs for Michigan Program as the High-wage Incentive for Regional Employment in (HIRE) Michigan Program.
- Modify the requirements for certified new jobs under the Program.
- Modify the requirements that a business would have to meet to be considered as eligible for the HIRE Program.
- Rename the Good Jobs for Michigan Fund as the HIRE Michigan Fund.
- Modify the considerations of the Michigan Strategic Fund (MSF) in determining the maximum amount and duration of the withholding tax capture revenues authorized.
- Increase, from \$200.0 million in total to \$100.0 million annually, the amount of total withholding tax capture revenue the MSF could commit, and allow any uncommitted revenue to be committed in subsequent years.
- Eliminate the cap on written agreements the MSF could execute each year.
- Prohibit the MSF from designating an authorized business or entering a new written agreement on or after eight years after the bill's effective date.

Senate Bill 580 (S-1) would amend the Michigan Strategic Fund Act to replace references of the Good Jobs for Michigan Fund to instead refer to the HIRE Michigan Fund and specify that the 5% of withholding tax capture revenue payments distributed from the Fund for administrative purposes could pay for the periodic evaluation of economic development incentives.

Senate Bill 581 (S-1) would amend the Income Tax Act to replace references of the Good Jobs for Michigan Fund to instead refer to the HIRE Michigan Fund.

Senate Bill 579 and Senate Bill 580 are tie-barred. Senate Bill 581 is tie-barred to Senate Bill 579 and Senate Bill 580.

MCL 125.2009 et al. (S.B. 579)  
125.2090i & 125.2090j (S.B. 580)  
206.51f & 206.711 (S.B. 581)

**BRIEF RATIONALE**

The Good Jobs for Michigan Program was an economic development tool that sought to create new jobs in the State. It was created in 2017 and sunset in 2019. Some individuals believe that the program was ultimately successful, attracting several large employers to Michigan; however, most of these were large companies, such as Ford Motor Company and Pfizer. Accordingly, it has been suggested that the program be reinstated and modified to provide funding to large and small businesses.

**FISCAL IMPACT**

The bill would revive and reform the Good Jobs for Michigan Program into the HIRE Program. The previous program was limited to \$200.0 million in total tax capture withholding, of which \$188.4 million had already been approved by December 2019. The changes to the Program would extend the opening for businesses to enter the program until eight years after the passage of the bill and change the cap to \$100.0 million per year. Under the bill, tax captures could be approved for up to 10 years, and captures could begin up to three years after the first hire (which must occur within two years after the start of construction). As a result, the bill could allow captures to occur through 2038. Compared to current law, the maximum reduction in General Fund revenue over the life of the program under the bill would total \$1.3 billion. While the timing and amount of any specific tax capture will depend on the specific circumstances of the taxpayer and the agreement, all captures would reduce General Fund Revenue. The \$100.0 million annual limit on captures would be a calendar year limit and it is unknown how those captures would be allocated across fiscal years. As a result, it is impossible to estimate the revenue reduction in any given fiscal year, particularly because the bills would allow carryover amounts that could raise the reduction above the \$100.0 annual limit.

Indirect benefits to the State or local units of government as a result of bill are indeterminate, but possible in the form of local tax revenues and higher wages within the regions where authorized businesses were located.

The bill would not change the existing tax capture withholding agreements already agreed to under the Good Jobs for Michigan Program.

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